IR Meeting (Part 1: Governance / Part 2: Sustainability)
Q&A Summary

Date: October 13, 2026, 1:00 PM - 3:00 PM

Respondents: Yasushi Shingai, Outside Director
Satoshi Nagase, Outside Director (Audit & Supervisory Committee Member)
Taisuke Nishimura, Managing Executive Officer (Group CFO)
Yotaro Numata, Managing Executive Officer
Yukiko Sakai, Executive Officer (Group CSuO)

Part I: Governance

Q: With regard to the Group Management Organization toward FY2030, Director Shingai previously described the relationship between the parent company and subsidiaries at the JT Group as "management by delegation" underpinned by appropriate governance. I believe your Group may have similar characteristics. If the Group makes ¥1.5 trillion in strategic investments going forward, its overseas businesses and non-insurance businesses could potentially become larger than its domestic insurance business. Greater centralization may be another option. In light of these structural changes in the business portfolio, do you believe the current Group management framework remains optimal?

A: (Director Shingai)

First, I would like to make clear that this is my personal view and that I am not speaking on behalf of the Company. I believe that "management by delegation" underpinned by appropriate governance also applies to our Group. Looking beyond 2030 and considering today's various megatrends, I believe it is clear that frontier AI, AGI (artificial general intelligence), and ASI (artificial superintelligence) will act as catalysts for consolidation and realignment among financial institutions. In such an environment, there are limits to managing the Group through strong centralized control. Systems and regulations differ by region, and businesses that may appear similar can be substantially different in practice. We must therefore continue to explore what constitutes appropriate governance.

On that basis, management should be entrusted to each operating company, while those entrusted with management should be held accountable not only for providing explanations but also for delivering results. I believe we need to move decisively toward this style of management.

Q: As the Group steps up its M&A strategy, what characteristics of HD's approach to M&A stand out to Director Shingai, given your extensive experience with large-scale M&A transactions? What advice

have you provided? You also referred to corporate culture. What specific initiatives have you undertaken to change behavioral patterns?

A: (Director Shingai)

It is difficult to summarize the characteristics of HD's M&A in a single phrase, so I would instead explain the perspectives from which I provide advice. The first is the return expected from an investment and the degree of certainty associated with that return. The second is whether each M&A transaction will remain a standalone investment or help form a platform that supports future growth. I consistently raise these questions and provide advice as necessary.

Fundamentally, M&A must adhere to the basic principles of corporate finance. Management is fully aware of this, but it is particularly important to avoid overpaying. Completing an attractive transaction while maintaining an appropriate price is not easy. If an acquisition is perceived as having been made at an excessive price, demonstrating the validity of the investment and dispelling that perception can require considerable time and effort. Although I do not believe that I overpaid, I have personally faced similar criticism in the past and experienced the difficulty of overcoming such perceptions. On this point, I am fully aligned with management.

Identifying what needs to be done to change behavioral patterns is not particularly difficult in itself. Each workplace should specify which behaviors should be recognized and encouraged, and which should be improved, in order to embody the Company's values and purpose. However, merely prescribing changes from the top down does not lead to actual behavioral change. The members of each workplace must think for themselves and take ownership of the changes. I have stated, both at Board meetings and in other settings beyond HD, that two conditions are necessary to change an organization.

The first is to establish a process in which each person in the workplace on the front line participates in considering the transformation and can regard the initiatives as something they themselves decided. For example, each workplace should discuss which behaviors should be changed and which should be further encouraged in light of the values the Company seeks to embody. It is important to create a mechanism through which each individual can express opinions and participate in behavioral changes.

The second is for leaders to provide direction so that individuals can recognize that changing their behavior will also benefit them personally. These two elements, participation by front-line employees and benefits for individuals, are the conditions required to change behavioral patterns.

Q: In the course of your involvement in various M&A transactions, you have presumably provided a range of explanations and opinions to Boards of Directors. From that perspective, how do you assess the acquisition of Benefit One in 2023?

A: (Director Shingai)

In considering the acquisition of Benefit One, the Board had been discussing how to build a platform in service areas adjacent to the insurance business. Even before the tender offer for Benefit One was launched, we had considered several candidate companies and examined both organic and inorganic approaches. At the time, the Board shared the view that Benefit One was the leading candidate for building such a platform, and I held the same view. The subsequent tender offer for Benefit One came completely out of the blue.

The key point is that, because the Company is an insurance holding company, we need to consider what businesses to develop outside insurance. There are limits to how far non-insurance businesses can grow using existing resources alone. I therefore believed that Benefit One's platform would have significant value for the Company. I recall that we discussed its extremely strong compatibility with our businesses, including its payroll deduction arrangements. Although it would be difficult to realize synergies immediately after the acquisition, we also expected that synergies could be generated within a certain period by deepening mutual understanding. That was the focus of the discussion at the time.

Q: How do you view the situation since the acquisition?

A: (Director Shingai)

We are currently identifying, one by one, the aspects of our differing corporate cultures that should be harmonized and those differences that should be respected. On that basis, we are working to strengthen each company's respective advantages and determine how they can complement one another.

Efforts to generate topline and business growth through customer referrals from DL to Benefit One and vice versa are still at an early stage. However, signs of progress have already emerged, and collaboration is proceeding very successfully at some DL sales offices that have taken the lead. An important challenge going forward will be how to deploy the best practices developed there across other sales offices.

Q: When Group CEO Kikuta took office, he set a target of doubling market capitalization in four years, and the results achieved to date can be seen as delivering on that commitment. How do you qualitatively assess the path taken to achieve this target?

I believe the original objective was to double market capitalization through not only profit growth but also a substantial improvement in valuation. From the perspective of Director Shingai, who has emphasized management that takes the cost of capital into account, how do you view the current situation, in which profits have significantly exceeded the target with considerable support from market conditions, while valuation itself has not risen as much as initially envisioned? Are there lessons to apply toward 2030?

A: (Director Shingai)

With respect to the cost of capital, the Group had already significantly changed its risk profile before Mr. Kikuta became CEO. Since 2020, we have worked to reduce the interest rate risk that was high at the time and subsequently proceeded with reducing equity risk. I believe the benefits of these initiatives are now becoming evident. Improving the risk profile remains an issue that we must continue to address.

It is true that favorable market conditions have contributed to profit growth. The next question is how to raise valuation. This is an issue related to the P/E ratio and is frequently discussed by the Board. Going forward, we intend to articulate our growth strategy more clearly, share it with capital market participants, and deepen their understanding so as to raise the perpetual growth rate attributed to the Company. We aim to create a virtuous cycle in which this leads to a higher valuation.

Q: There are six internal directors on the Company's Board, five of whom are from DL. Does the large number of directors from DL create any impediment to revitalizing discussions among the internal directors?

A: (Director Shingai)

I do not believe that having many directors from DL prevents forward-looking discussions on transformation. What matters is not an individual's organizational background, but whether each person's qualities and aspirations are aligned with the direction HD seeks to pursue. This should not be viewed stereotypically. For example, CEO Kikuta is also from DL, and there are excellent people from DL who can lead transformation. The Nominations Advisory Committee discusses candidates not on the basis of their organizational background, but from the perspective of whether they can appropriately supervise management as directors and fulfill the responsibilities entrusted to them by capital markets and stakeholders.

Q: What direction should the Group pursue and what measures remain available to raise ROE? I see significant room to reduce equity risk, following the substantial reduction in interest rate risk, as a source of upside. Beyond that, what should we regard as the drivers of further ROE improvement?

A: (Director Shingai)

As you understand, DL is selling its equity holdings to reduce equity risk. The current rise in share prices has also been favorable, generating both profit and cash flow from these sales. The key question now is how to allocate the resulting cash flow to investments that will create future growth and new returns. CEO Kikuta and the outside directors are fully aware of this. We have been discussing this scenario since the previous mid-term management plan. To raise ROE, it is necessary to optimize the denominator by reducing equity risk and taking other measures. More importantly, however, the cash flow generated through equity sales must be

reinvested to raise returns and the perpetual growth rate. This is not the occasion to discuss individual measures, but this is precisely the type of discussion being held by the outside and inside directors at the Medium- to Long-Term Strategy Discussion meeting.

Part II: Sustainability

Q: In relation to the overall investment and financing portfolio on page 19, demand for long-term funding is rapidly increasing in AI-related and national security and defense-related fields. However, this demand includes projects such as coal-fired power plants and data centers, whose impacts on climate change, water and other natural capital, and local communities cannot be ignored. Including investment and financing for the defense industry, please explain any discussions at HD regarding how to address these rapidly growing funding needs and associated social issues.

A: (Group CSuO Sakai)

As you noted, we recognize that funding needs in the military and defense industries are increasing significantly. We do not uniformly exclude the defense industry from the scope of our investment and financing. Instead, we comprehensively assess each individual transaction, including the nature of the business and its human rights risk management framework. We take the same approach to AI-related and fossil fuel-related investment and financing. At the same time, particularly at DL and DFL, the Group maintains a policy of excluding internationally controversial weapons and nuclear weapons from investment and financing. In other areas, we make decisions for each transaction after considering growth potential, human rights, and impacts relating to other risks.

Q: Are individual decisions made by an internal committee of some kind, or independently by the investment management division?

A: (Group CSuO Sakai)

There are several stages. First, as a basic Group policy, we established the Group Responsible Investment Policy in April 2026. This policy affects investment decisions not only in Japan but also in our overseas businesses. Based on this policy, each operating company has established its own responsible investment policy, and DL also has its own policy. Investment and financing decisions are first made by each operating company in accordance with its policy. For cases that are difficult to determine based on the policy alone, the investment management and sustainability divisions consult with each other before reaching a decision.

Q: KPIs for natural capital are less straightforward than those for climate change and decarbonization. What KPIs do you use to manage progress in addressing natural capital-related issues?

A: (Group CSuO Sakai)

Natural capital covers a more diverse range of subjects than climate change, making it difficult to establish common KPIs. For climate change, GHG emissions provide a relatively clear KPI that can be used as a basis for dialogue with investee and borrower companies. Natural capital, by contrast, includes various elements such as biodiversity, water, and air, and the issues that should be prioritized differ depending on the business and region. We therefore believe it is currently difficult to establish a single KPI that uniformly measures the state of natural capital.

Various indicators for natural capital, including those under the TNFD framework, are now being discussed, and we intend to consider future measures while monitoring these developments. At present, we confirm whether each company has identified natural capital issues material to its business as risks, developed plans to address those issues, established issue-specific KPIs where possible, and made progress on its initiatives. We use these companies' risk recognition, planning, KPI setting, and progress as management indicators.

Q: Page 25, regarding the response to SSBJ standards, refers to cybersecurity. The importance of cybersecurity, including the protection of personal information, has increased significantly. Your company has also disclosed an incident involving the leakage of personnel information. How do you view this risk, and what actions will be necessary going forward?

A: (Managing Executive Officer Numata)

As previously announced, the Company experienced an incident involving the unauthorized disclosure of personnel information. The importance of cybersecurity measures has further increased, and government agencies, including regulatory authorities, have called for stronger measures. The Group also recognizes cybersecurity as one of its most important management issues. Our first priority is to respond to the ongoing incident. Once that response reaches a certain stage, we will conduct a company-wide review, identify areas where measures are insufficient, take the necessary action, and implement fundamental cybersecurity measures, including improvements to the information management framework.

Q: Regarding closing the protection gap in Asia, shown in the lower section of page 6, Vietnam has finally begun to make a significant profit contribution, but it took considerable time to generate returns. How do you manage the balance between sustainability and enhancement of corporate value? Last year, you announced its withdrawal from the Thai market, although Thailand presumably also had a protection gap. How do you link the strategy of closing the protection gap in Asia with your business decisions?

A: (Group CSuO Sakai)

We believe that without the sustainability of the business itself, we cannot continue contributing to sustainability in society. Balancing the two is not easy, but it is important to build a framework for sustainable business operations in regions that can generate financial value over the medium- to long-term. We believe this will enable us to continue contributing to closing the protection gap in Asia.

The materials do not explicitly refer to microinsurance. Microinsurance is one meaningful means of closing the protection gap, but it is not always the optimal approach for our business portfolio. Rather than limiting ourselves to microinsurance, we intend to address the protection gap by sustainably providing insurance to the expanding middle class, particularly in the Mekong region.

Q: Regarding the overall picture of the Group's sustainability strategy on page 5, how do you determine the priorities and weighting of the individual themes? Eight priority themes have been identified from the four Core Materialities, and the four appear to be positioned largely in parallel. Many ordinary business corporations disclose materiality using a two-axis matrix. Are the four still positioned equally, or have more detailed priorities been established internally? Please explain the background. In addition, as the next mid-term management plan is being considered, are there any plans to review these themes?

A: (Group CSuO Sakai)

We believe it is extremely difficult to assign quantitative priorities to the four Core Materialities. Each represents a highly important social issue where the Company can create a certain level of impact and contribute to enhancing corporate value. The four Core Materialities are therefore positioned in parallel. In prioritizing specific initiatives, however, we emphasize two perspectives.

The first is whether a social issue remains unresolved and may become more serious in the future. The second is whether the Company can make a meaningful contribution to that issue. Social contribution activities are also important, but from the perspective of generating greater impact, priority is given to issues that can be addressed through the businesses shown as "Business" in the materials. In particular, we emphasize themes aligned with our business strategy and the next mid-term management plan. Under the next plan, we intend to focus not only on the financial value generated by these initiatives, but also on visualizing the value delivered to stakeholders.

Q: How are non-financial indicators reflected in the Company's remuneration system for directors and officers? Please explain if the design philosophy has any distinctive features compared with peers. My understanding from the disclosure materials is that 20% of the CEO's compensation is stock-based

compensation and that sustainability indicators are reflected in this portion. Financial KPI achievement is quantitatively assessed, and the resulting score is then multiplied by a factor ranging from 90% to 110% based on the achievement of sustainability indicators. Other companies explicitly assign a certain percentage to the achievement of sustainability indicators, so your approach appears somewhat different. What is the philosophy behind this design?

A: (Managing Executive Officer Numata)

As you understand, we use sustainability indicators as part of the KPIs for LTI, our performance-linked stock compensation. LTI accounts for 20% of the president's compensation, and is set at 15% or 10% for other officers depending on their responsibilities. The LTI payout rate is calculated by first determining the score based on financial indicators and then multiplying that result by a factor of 0.9 to 1.1 according to the achievement of sustainability indicators.

The remuneration system for Directors and Officers was designed through extensive discussion. We concluded that the approach most consistent with our philosophy was to first evaluate performance based on financial indicators and then reflect the achievement of sustainability indicators as a final adjustment factor. This led to the current remuneration system for Directors and Officers.

At the same time, we review the remuneration system for Directors and Officers annually, including the KPIs. While referring to the compensation systems of other companies, we may make changes in the future if we determine that there is a more appropriate method of reflection. At present, however, we believe the current method is appropriate.

Q: From the perspective of Group CSuO Sakai, does the Company's remuneration system have any distinctive features, or is it generally standard?

A: (Group CSuO Sakai)

The method of applying a final factor of 90% to 110% to the evaluation results based on financial indicators has the distinctive feature that achievement against sustainability indicators affects the compensation of all executive officers, regardless of their individual responsibilities. I understand that the system is designed to encourage all executive officers to address sustainability in connection with their own responsibilities, rather than treating it as an issue solely for particular officers.

The current remuneration system was designed before I joined the Company, so I do not have complete knowledge of the thinking at the time of its design. Nevertheless, I consider it highly effective in encouraging each officer to recognize sustainability as their own responsibility and translate it into concrete action within the scope of their duties. At the same time, the appropriateness of the 90% to 110% adjustment range, as well as how to evaluate factors that the Company cannot directly control, such as the composite ESG index included in the non-

financial KPIs, requires ongoing verification. We must continually review the validity of each KPI and the adjustment range.

Note: Some of the above content has been added or modified to make it easier to understand.

[Company name abbreviations] HD: Daiichi Life Group, DL: Daiichi Life, DFL: Daiichi Frontier Life

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